

Special General Meeting – 14 October 2020 at 6pm

Dear Member,

We are writing to inform you that there is a Special General Meeting for all members of the Oxfordshire Credit Union (OCU) on **Wednesday 14 October 2020 at 6pm** via Zoom at which the Board of Directors will be submitting two proposals to the members, for your approval.

Please see information on the proposals and instructions below on how you can attend and vote.

Proposal 1



The Directors are recommending that there should be a transfer of undertakings of OCU's assets to another credit union called Swan Credit Union, which trades as Swan Community Bank, <https://swancommunitybank.org.uk>.

Why do the Directors think this is the right thing to do for OCU?

- Swan Credit Union (Swan) have been on a planned growth path over the last six years to develop itself into a successful and sustainable not-for-profit business, with Steve Eyre (the Chair) building a team that is capable of realising the vision. Swan itself is the product of a merger in 2013 between Milton Keynes Credit Union and Aylesbury Credit Union. Extending the team to include the Oxfordshire Credit Union is a consistent part of Swan's collaborative vision, and they did ask OCU to join in that venture in 2013
- This process of change has led them to a point where they have moved away from a shared back office support supplier with five other credit unions (including us as OCU), and have worked to deliver a service to their members

that is backed up by the latest technological system as well as a team of professional staff. This has given Swan significant benefits over the past year

- These benefits we feel can be shared with OCU members. Swan has implemented new systems and procedures over the last 12 months and have ironed out the teething problems. Specifically, OCU members will have access to an App which will allow you to check your balances, apply for loans, send in withdrawal or payment transfers 24/7 either on a smartphone or through a new Members' Area on the website
- For Members that either do not have access or feel uncomfortable with this technology, you are able to phone the office and can therefore still be supported. This App has been a significant factor in Swan's rapid growth over the last 12 months, and other credit unions with their own Apps have had the same experience
- Behind the App is a new IT platform from a provider called Incuto which provides the following:
 - produce the loan
 - message members
 - facilitate the launch of new products in response to members' needs
 - create the reports required to run the business
 - enable further development in smart banking
- Several larger credit unions are already using the Incuto's platform and are pleased with the ease of use for their members.

How does this benefit OCU as a business?

What's good for our members will be good for the OCU business. But there are some specific and especially important changes this merger would bring which will greatly assist the running of our credit union.

- Firstly, and most obviously, there will be economies of scale.

This will be significant in two principal areas: the saving of duplicated office costs such as trade affiliations and auditing fees, and a reduction in staff-based overheads

- Beyond this, combining two Boards of Directors will considerably ease the workload on each one and enable time plus headspace for non-revenue-generating projects of an educational nature, for example
- The technology puts OCU in control: for instance, when a member misses a payment, the system can alert us on the day itself. So far, we have been

relying on reports from our back-office supplier that are generally four to six weeks out-of-date, and the opportunity of reminding a member to make their repayment has passed

- If we had a seasonal special offer in relation to one of our products, we could communicate with members as soon as we wanted to
- If our members wanted new products, we could create them without having to negotiate with our back office supplier and the other credit unions that they support who may not want the same product as OCU which meant that we couldn't then roll out the product
- The system will allow us to maintain an identity such as "Oxfordshire Community Bank" to sit alongside "Swan Community Bank", all within the legal framework of a single credit union. Swan is more than happy to facilitate this if we chose to do it
- Further developments will allow us to speed up loan decisions using Open Banking, which means that we can avoid lengthy study of members' bank statements for some loan products to ensure affordability and responsible lending
- We will also be able to offer current accounts, as Swan move their banking to one of the new challenger banks which is focussed on providing online banking services to their members
- The current OCU Board is made up of six volunteers. Despite a request over the last 18 months for more Directors and Volunteers from our members, we have not been successful in getting this support. For OCU to continue and develop, it needs the support and access to a wider and bigger Board that can provide the services that we have outlined above.

How does this benefit Swan?

- The Swan Board have been quite open with the OCU Board in all the meetings about the difficult start to their 'New World'. They have explained the reasons for going this route and admitted to the numerous technical and operational obstacles that they had to overcome while collaborating with Incuto, the platform provider, to debug and then also enhance the system from their real-world user experience
- Swan have had the backing of their members throughout this process, having warned them that there would be serious transitional costs involved, but that their future sustainability was at stake and in their view, it needed to be done
- The first quarter for Swan as an independent business has been one of sustained and increasingly rapid growth. Their own projections showed a

good couple of years would be needed to rebuild the finances before they returned to what had been a long period of profitability; joining forces with OCU will shave a year off that timescale. Their current management information is showing record loan business for each of the last three months, and the trajectory is good. Therefore, the economies of scale will also benefit Swan.

Why is it good for the Regulator?

- Although this may not immediately be felt to be a compelling reason for a merger with Swan, the fact remains that credit unions are governed by increasingly stringent rules and regulations designed for commercial banks, and intended in part to prevent a repeat of the 2007/8 banking crash
- The Government would much rather deal with fewer, larger credit unions and wants to ensure they are professionally managed. Credit union mergers such as this proposed one are happening all over the country and are being driven by similar pressures on their businesses.

Alternatives considered and rejected

Undertaking due diligence on behalf of our members, the Board considered all possible options as to the future of the OCU as noted below:

- Going alone – this was not considered as a viable option as the OCU Board neither have the resource levels nor sufficient funds to support the purchase of a stand-alone system to support our members
- Taking back direct control of the back-office operations - this was the way that OCU previously operated. The current financial position of the OCU (a profit of £4k last year) would rule this out plus it was exceedingly difficult to recruit the staff to manage the back office
- Merger with alternatives. We held discussions with a total of five other credit unions and held face-to-face and/or Zoom calls with all of them. Swan was considered as the strongest candidate for the merger as outlined in the points above.

Proposal 2



The Directors recommend that the Oxfordshire Credit Union common bond be increased to include South Oxfordshire Housing Association (SOHA) and that the rule 7c. and 7d. be changed as per below with the addition of the words in italics.

c. An individual who is employed by the following employers:

- i) **South Oxfordshire and the Vale of White Horse District Council**
- ii) **Oxford University Hospitals Trust**
- iii) **Oxford Bus Company**
- iv) *South Oxfordshire Housing Association*

d. An individual who is otherwise associated with other individuals through being a tenant of the above Housing Associations.

This rule change will allow OCU to provide services to tenants and employees of SOHA even if they do not live in Oxfordshire.

How to attend the Special General Meeting and vote

Special General Meeting

This will be held via the Zoom platform on Wednesday 14 October 2020 at 6pm.

Zoom is an internet-based conference platform that allows many people to participate simultaneously in a meeting from any location.

You can access the meeting on Zoom either through your computer/laptop, your mobile phone or your landline.

1. Computer/Laptop/Smart mobile phone instructions

Click, or copy and paste, or type the URL below into your internet browser:

<https://us02web.zoom.us/j/86792933464>

If you already have Zoom loaded onto your device you can join the meeting, if not you will be given the option to download the Zoom app, then join the meeting.

OR

If you **DO NOT** wish to download the Zoom app please follow the instructions to call into the meeting below

2. Landline and mobile phone instructions

Phone any of the UK numbers below, then enter the meeting ID provided below.

0203 051 2874

0203 481 5237

0203 481 5240

0203 901 7895

0131 460 1196

Meeting ID When you are connected, you will need to provide: **867 9293 3464**

Agenda

1. Chair welcomes the members to the meeting
2. Determination that a quorum is present
3. Proposal 1 – short summary
4. Proposal 2 – short summary
5. Voting for each proposal
6. The meeting will close at **7pm**

2. Alternative voting method

It would be great to see you (virtually) at the meeting. However, if you are unable to attend the Special General Meeting and still wish to vote on these two proposals, please provide your decisions by clicking on the [link](#) below. You will need to provide your membership number, name and address.

<https://www.surveymonkey.com/r/JNBNRH5>

Please respond **no later than 7pm on Wednesday 14 October 2020**.

All this information will also be available on our website at <https://oxfordshirecreditunion.co.uk/>

If you have any questions prior to the meeting, please send an email to: chair@oxfordshirecreditunion.co.uk

Thank you for your time and we look forward to seeing and/or hearing from you on these exciting new proposals for Oxfordshire Credit Union.